

# Fiscal Note

*Fiscal Services Division*



**SF 2356** – Health Care Reform (LSB 5392SV.1)

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Fiscal Note Version – As amended by the Senate

## Description

**Senate File 2356** as amended and passed by the Senate, creates an interim study regarding premium assistance for individuals with income between 200.0% and 300.0% of the Federal Poverty Level (FPL). The Bill expands the provider network for the current IowaCare Program and directs the Department of Public Health to develop a plan for coordination of care for individuals with diabetes. The Bill creates the Iowa Insurance Information Exchange that is established in the Insurance Division of the Department of Commerce. An Advisory Board of the Iowa Insurance Information Exchange is also created.

**Total Fiscal Impact:** The chart below indicates the fiscal impact for this Bill. There is no appropriation made in this Bill for the costs of Division II.

Senate File 2356	FY 2011	FY 2012
<b>Division I - IowaCare Provider Expansion</b>		
U of I Physicians, Federally Qualified Health Centers, Non Participating Provider Reimbursement	\$ 22,000,000	\$ 22,000,000
Less Certified Public Expenditure Revenue	\$ -22,000,000	\$ -22,000,000
Net Iowa Care Provider Expansion Impact	\$ 0	\$ 0
<b>Division I - Diabetes Coordination of Care</b>		
DPH Staffing	0	0
<b>Total Division I</b>	\$ 0	\$ 0
<b>Division II - Iowa Insurance Division</b>		
Staff for the Exchange	\$ 120,000	\$ 120,000
Develop and Maintain Web Portal	50,000	50,000
Provide Information to the Public	60,000	60,000
Board Expenditures	20,000	20,000
<b>Total Division II</b>	\$ 250,000	\$ 250,000
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## DIVISION I

### IowaCare Program Study

**Division I** requests the Legislative Council establish an interim study committee to look at options for establishing a health care premium assistance program for individuals between the ages of 19-64 with income more than 200.0%, but less than 300.0% of the federal poverty level. The committee is to report back to the Legislature on their findings and recommendations by December 15, 2010.

### **IowaCare Provider Network Expansion**

**Division I** directs the Department to amend the extension proposal for the IowaCare Program to allow members to utilize additional providers including a regional provider network, private providers, and hospitals designated by the Department and requires tertiary care to be provided at the University of Iowa. The Department is to use certified public expenditures at the University of Iowa to leverage additional federal funding.

### **Diabetic Registry**

**Division I** directs the Department of Public Health to work with the appropriate entities to develop a plan for coordination of care for individuals with diabetes receiving care through members of the Iowa Collaborative Safety Net Provider Network. This Section provides permission for several activities the Department may consider, such as implementation of a diabetes registry.

### **Assumptions**

#### **IowaCare Provider Network Expansion**

- Assumes there are approximately 124,000 uninsured adults with income below 200.0% of the FPL.
- Assumes current estimated expenditures for FY 2011 will be \$124.0 million and average enrollment will be 39,500 in FY 2011 and 42,000 in FY 2012.
- Adding a primary care network of Federally Qualified Health Centers (FQHC) will add an additional \$300.0 in cost per member per year.
- Funding for the FQHC's is limited to the additional funding received from the certified public expenditures.
- The State will use \$7.26 million from the University of Iowa Hospitals and Clinics (UIHC) to leverage an additional \$14.74 million in federal funding.
- Assumes \$22.0 million will be divided between physicians at the UIHC, FQHCs and the IowaCare Nonparticipating Provider Reimbursement Fund.
- Assumes that there is \$22.0 million in State and federal funding under the budget neutrality cap.
- Assumes DHS will implement a waiting list to limit program expenditures within the budget neutrality cap.
- Expansion beyond the budget neutrality cap is subject to federal participation.

### **Fiscal Impact**

#### **IowaCare Provider Network Expansion**

Leveraging certified public expenditures at the UIHC will generate an additional \$22.0 million in State and federal revenue for the IowaCare Program bringing the program to the budget neutrality cap. With the changes in this Bill, the Program will have an additional \$22.0 million in expenditures. The IowaCare provider network expansion has a net impact of zero.

#### **Diabetes – Plan for Coordination of Care**

This Section will have a minimal impact to the DPH due to staff time dedicated to the development of a plan for the coordination of care for diabetes patients.

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## **Division II**

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### **Iowa Insurance Information Exchange**

**Division II** creates the Iowa Insurance Information Exchange under the Insurance Division in the Department of Commerce. An Advisory Board to the Exchange is also created under the purview of the Division. The Division will provide administrative and technical support to the

Board in carrying out its duties, including the development of a plan of operation for the Exchange. The Board is charged with the following duties:

- Develop a system that provides a portal where uninsured lowans can receive assistance in obtaining public or private health care coverage.
- Provide assistance for enrollment in private health insurance that meets certain standards of quality and affordability.
- Develop a seamless system of moving between public and private health care coverage.
- Develop three categories of benefits that meet affordability limits established in SF 389 (2009 Health Care – Services, Providers, and Insurance).
- Establish an information clearinghouse to provide information about all public and private health care coverage that is available in the State including comparison of benefits, premiums, and out-of-pocket costs.
- Provide ongoing information to taxpayers about the costs of public health care programs to the State, including the percentage and source of State and federal funding for the programs.

The Iowa Insurance Information Exchange Fund is created in Division II and is under the control of the Exchange.

### **Assumptions**

- Staffing costs for the Iowa Insurance Division to support the work of the Board and components of the Exchange, including support and benefits, will be \$120,000 for 1.5 FTE positions.
- The Insurance Division will develop, implement and maintain the web portal with 0.5 FTE position at a cost of \$50,000.
- The Division will utilize 1.0 FTE position at a cost of \$60,000 to provide information assistance to the public.
- The Board will meet at least 12 times per year and travel and food costs to the 13 members will be reimbursed for a total annual cost of \$20,000.

### **Fiscal Impact**

The fiscal impact of Division II is an estimated cost of \$250,000 for FY 2011 and FY 2012. There is no General Fund appropriation for the activities in Division II.

### **Sources**

Department of Human Services  
Iowa Insurance Division

/s/ Holly M. Lyons

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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